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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF CAMBODIA

IPF:(1992-96) $105 319 000

(CMB/92/010) - Small Enterprise and Informal Sector Promotion

Date of approval by the AC:[1]	30 September 1992
Expected duration:	24 months
Proposed executing agency:	ILO in association with CARE International
Government implementing agency:	The Supreme National Council of Cambodia (SNC)
Proposed UNDP contribution:	$3 335 300 Source of funds: IPF
Previous UNDP budget:	$ 488 100
Total UNDP budget:	$3 823 400

Project background

Cambodia is coping with the ongoing resettlement and reintegration of 700,000 persons made up of approximately 380,000 refugees returning from camps in Thailand, 140,000 soldiers who will be demobilized as part of the peace process, and 180,000 internally displaced persons. The initial phases of this process are already resulting in growing un- and under-employment and decreasing real incomes of large sections of the population. The steadily increasing pressure on labour markets and very limited resources affect all Cambodians, the local population as well as new or returning settlers. Some have been able to make use of the new opportunities offered by moves, since 1990, towards a market economy and the privatization of the agricultural, industrial and service sector. It is recognized, however, that other groups, making up a significant portion of the population are at disadvantage to be able to benefit from these changes, and have become increasingly vulnerable.

Although it had originally been foreseen that it would be possible to resettle the large majority of returning refugees on agricultural land, more recent assessments have made it clear that due to the heavy mining of large areas, many will have to find other sources of income than farming. Many are settling in towns and are facing difficulties in adapting to a fast changing society. They generally have a long experience of camp life which has not prepared them for the new economic environment. Wage-employment opportunities are limited and in this situation it is difficult to identify opportunities for self-employment and businesses. Neither do they have the funds to invest in such activities or access to credit. Although many do have relevant vocational skills, they are thus unable to contribute to the development of the local economy and to successfully reintegrate into Cambodian society.

[1] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

Both the Peace Accords and the Secretary-General's Appeal make special reference to the need for reintegration assistance to the demobilized military forces. Women who are the main or sole source of income for their households, among the local population, returnees, and demobilized soldiers, are the most vulnerable group. The privatization of agricultural land and the relative difficulties for women to cultivate the land independently, without any communal support systems, has resulted in many selling their land and becoming landless. As a result many women and their families have become dependent on subsistence level small-scale business or income generating activities, mostly in the informal sector. Women in general, among the returning refugees, rural migrants and those already engaged in the informal sector, have had less access to education and training. Being landless and without any other assets, they are dependent on private money lenders for short-term credit to finance their income generating activities, which severely limits the possibilities for their expansion or graduation to more productive entrepreneurship.

Description of project

The development objective of the project is to contribute to the long-term socio-economic development of Cambodia and the raising of living standards through the promotion of small-scale, private sector economic activities.

The immediate objective of the project is to develop and implement an integrated small enterprise and informal sector promotion programme aimed at socially disadvantaged groups.

Project activities will include: (a) establishing and equipping five local economic development agenices (LEDAs) in Phnom Penh, Battambang, Kampot, Siem Reap and Kompong Cham; (b) undertaking detailed surveys to ascertain the local demand for products and services, and required assistance in the informal sector; (c) identifying factors limiting earnings and expansion of higher productivity in the urban informal sector; (d) developing tailor-made programmes for training and extension for small enterprise promotion and entrepreneurship; and (e) establishing small enterprise revolving credit scheme.

Inputs

UNDP will provide 24 work-months of a chief technical adviser; 12 work-months of an expert in training of small enterprise trainers and materials development; 12 work-months of an expert in informal sector and micro-credit; four work-months of a consultant in opportunity identification; eight work-months of an expert on small scale technology; three work-months of an expert in women's requirements in small enterprise/informal sector development; five UNVs specialized in small enterprise and informal sector promotion and credit who will assist in the overall management of each LEDA; four UNVs specialized in small-scale technology; 24 work-months of 27 local professionals to become small enterprise promotion officers (SEPOs); 24 work-months of eight local professionals to become the informal sector agents (ISAs); a subcontract with CARE International to recruit the informal sector agents and to undertake the opportunity surveys; short-term regional fellowships for the 27 SEPOs and eight ISAs; in-service training and group training; expendable and non-expendable equipment; financial provision for a small credit revolving fund ($ 400,000), and an informal sector credit revolving fund ($ 213,000).

Financial data

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Personnel	1 752 800
Subcontract	250 000
Training	169 000
Equipment	409 500
Miscellaneous	141 000
Revolving Funds	613 000
Total	3 335 300